



## Working with our suppliers during Covid-19 May 2020 Update

As we set out in [our public statement](#) at the end of April, the Covid-19 pandemic has impacted the global apparel industry and its supply chain like never before. We want to be open about how we are working with our suppliers during this time and the work we are doing to protect them and their businesses.

Over the past few weeks and months, we have been examining the impact of Covid-19 on customer behaviour and demand and making changes to our stock intake as a result. Together with our suppliers, we have reduced our reliance on categories that have been most affected by the pandemic such as dresses and tailoring and shifted into more relevant product categories like loungewear and activewear.

As part of this process, and as outlined in our previous statement, we delayed some orders and cancelled others while we assessed the full impact of the situation. The total value of made own-brand stock that was originally cancelled by ASOS was approximately £5-6m at cost value, or less than 1% of our full Spring/Summer 2020 intake, and no force majeure clauses were used.

Since then, we have worked closely with our own-brand suppliers to reduce the volume of cancellations each day by reinstating orders and reacting to customer demand. **Having taken the time to fully work through the volumes involved, we have now committed to paying in full for all made orders that we had previously cancelled.**

In line with our industry-leading [ethical trade programme](#), some of the steps we're taking to support our suppliers during this time are:

- **Placing new orders.** As an online retailer, we are continuing to serve customers around the world, albeit at a reduced level due to the drop in customer demand and the strict social distancing measures that we have put in place in our fulfilment centres (more information on this [here](#)). As a result, we have been able to place new orders with our suppliers for in-demand product such as leisurewear, ensuring they can continue to do business and provide employment during this time.
- **Addressing unmade stock.** We're collaborating closely with our suppliers to work through any issues arising from cancellations of unmade stock, particularly where suppliers have already purchased fabric. In these cases, we are working to use that fabric in future orders.
- **Working with our suppliers on an individual and personal basis.** Our suppliers are unique businesses, and therefore we must engage with them individually, rather than adopt a blanket approach. Our teams have spoken to each of our suppliers personally throughout this process to find mutually-agreeable solutions, and the response from our suppliers to this has been positive.
- **Ensuring prompt payment on previously agreed payment terms and expediting payment where necessary.** We are continuing to pay in full for all orders.

Having taken the necessary time to assess our situation in detail, we believe we are now in a position to endorse the UN International Labour Organisation (ILO) proposal, 'Covid-19: Action in the global garment industry'. We previously felt it would be inappropriate to do so while we could not commit in full to each of its requirements and are keen to ensure that all brands who back the ILO proposal follow through on their promises.



## FAQs

### **What sort of relationship does ASOS have with its suppliers?**

Our own-brand suppliers are incredibly important to ASOS and we want to make sure they remain open for business now and into the future. We have 150+ suppliers around the world who we work with on a long-term basis; on average, our Top 30 suppliers (making up two-thirds of our supply base by volume) have partnered with ASOS for more than eight years and tend to work predominantly with ASOS.

### **Is ASOS listening to the concerns of suppliers and workers?**

Yes, absolutely. Our teams are in regular contact with our suppliers so they can share any issues they are facing and we can arrange solutions on a case-by-case basis. Beyond speaking directly to our suppliers, our ethical trade programme has built trust and strong relationships on a local level in many countries through local stakeholders, meaning workers in our supply chain have alternative means of raising issues and grievances directly with ASOS or our partners. You can read more about this in detail in our latest Modern Slavery Statement from March 2020, [here](#).

### **What are we doing to safeguard workers from Covid-19?**

We have shared WHO- & Government-issued guidance with our suppliers on health & safety measures to protect workers from Covid-19 and have asked them to report their compliance with these guidelines.

### **Are there any at-risk regions that ASOS is sourcing from?**

ASOS has a geographically diverse supplier base which is not overly concentrated in any one country. We publish an updated supplier map on our plc site every two months, which you can view [here](#).

The UN International Labour Organisation (ILO) has identified that workers in a number of regions are at risk due to order cancellations in the garment industry, in particular Bangladesh. Until very recently, ASOS had not sourced from Bangladesh and as a result we only have a very small footprint in the country. As part of our entry into the market, we signed the [Accord on Fire and Building Safety in Bangladesh](#), which we fully support as the most effective labour rights initiative ever carried out in contemporary apparel supply chains.

Another key sourcing region is Turkey, where ASOS works with a number of suppliers. We have a number of ethical trade programmes operating in Turkey, including gender empowerment training carried out by local women's rights organisations, and we launched a worker hotline in conjunction with IndustriALL Global Union in 2018. The hotline operates in Turkish and Arabic via an app and a direct phone line, providing information to workers about their rights and giving them access to remedy.

### **Further background on ASOS' approach to ethical trade**

We believe everyone who makes ASOS products should feel safe at work, financially secure, respected and protected, and access to enabling human rights such as freedom of association, collective bargaining, gender equality, and living wages is vital to achieve this. We collaborate with a wide range of international and local stakeholders to bring about long-lasting improvements in supply chain working conditions, and we were the first ecommerce brand to sign a Global Framework Agreement (GFA) with IndustriALL Global Union and its local affiliates in 2017. We continue to focus our efforts on the implementation of our GFA and our role as an active member of Action, Collaboration, Transformation (ACT). More information about these partnerships and organisations is available on our [ASOS plc site](#).

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